

Incoming  
S/01/0056  
cc: Tom

0001

FORM MR-AR  
(Revised 11/2008)

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple - Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
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SMALL MINING OPERATIONS 2008 PROGRESS REPORT  
January 1, 2009 to December 31, 2009

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: S0/100/56
2. Mine Name: Lost Gems#1
3. Name of Operator/Permittee: Penney's Gemstones LLC

Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.

4. Mine Location: No Change from file
5. Report the gross amount of ore mined and waste moved, as well as the current disposition of the material (sold, stockpiled, regraded, etc.):

Gross Ore Mined	<u>hand samples &lt;1</u> Tons
Waste Material Moved	<u>0</u> Tons
New Disturbance	<u>0</u> Acres during 2009
Area Reclaimed	<u>0</u> Acres during 2009
Total Disturbed Area	<u>no change ;see BLM files</u> Acres*

\*Total life of mine disturbance to the end of 2009.

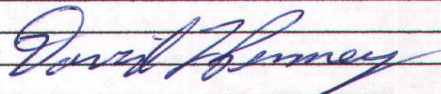
Was the ore shipped off site? If not, where is the ore located? N/A

Where is the waste located? N/A

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).

N/A natural revegetation occurring

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): David L. Penney  
Title of Operator: owner/operator/registered agent  
Signature of Operator:   
Date: January 1 2010

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RECEIVED  
FEB 01 2010  
DIV. OF OIL, GAS & MINING

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